Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

52F

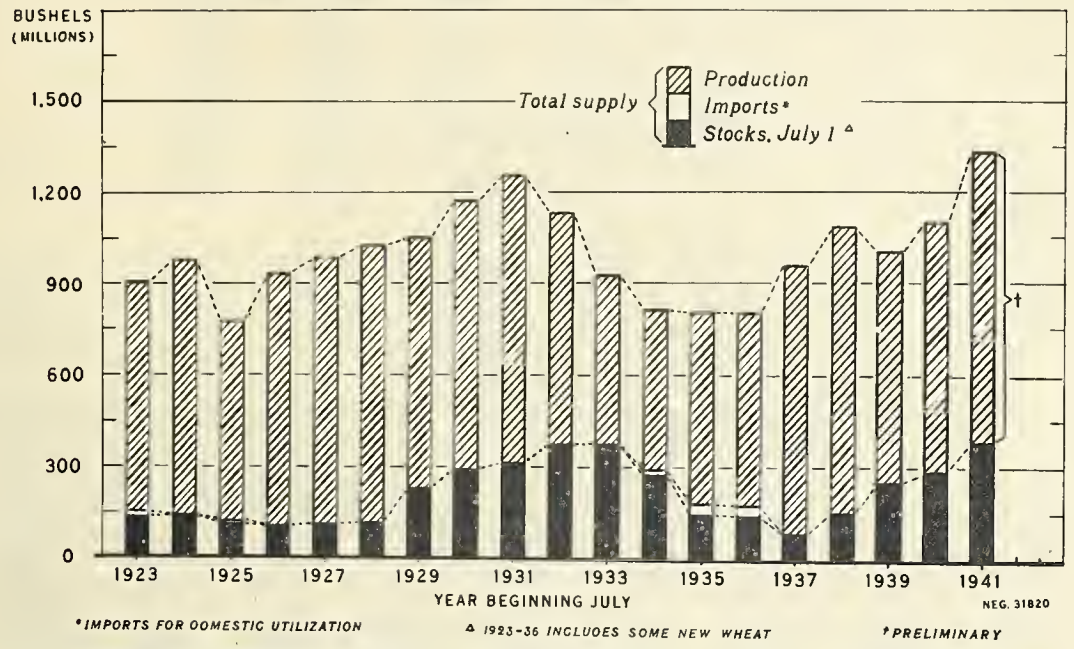
THE Wheat SITUATION

LIBRARY
RECEIVED
★ SEP 5 1941 ★
U. S. Department of Agriculture

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

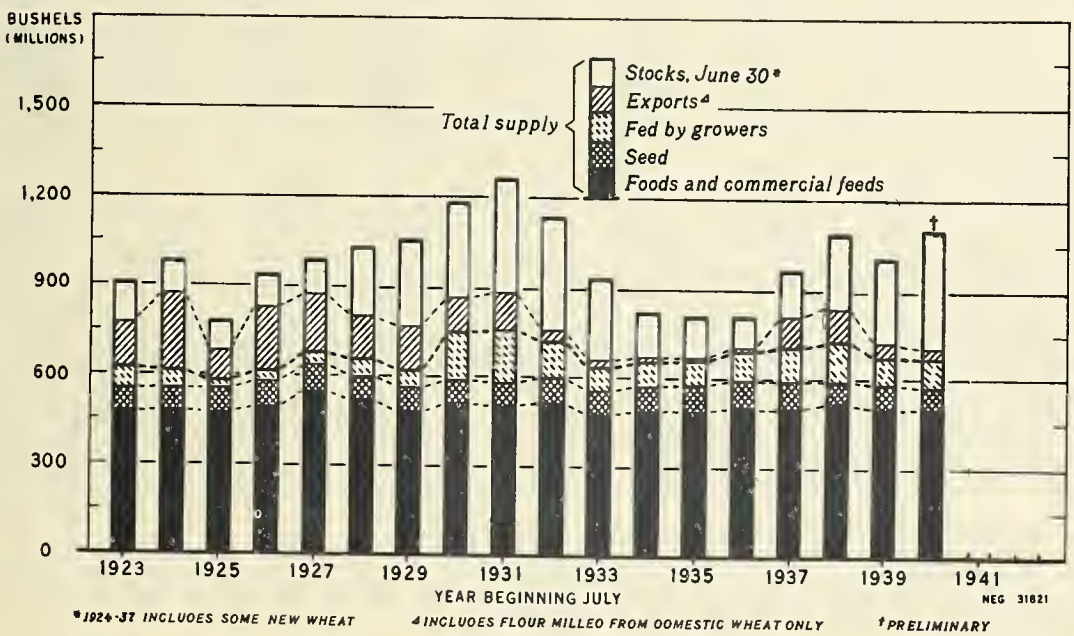
WS-58 BAE AUGUST 1941

WHEAT: SOURCES OF U. S. SUPPLY, 1923-41



Total 1941 supplies in the United States are the largest on record. The United States began its 1941-42 marketing year with the largest carry-over and the second largest crop in its history.

WHEAT: DISTRIBUTION OF U. S. SUPPLY, 1923-40



The quantity of wheat used domestically and exported in 1940-41 was about the same as in 1939-40. The carry-over on June 30, 1941, however, was increased by about 100 million bushels, chiefly as the result of the large 1940 crop. The quantity for use as feed and seed in 1941-42 is expected to be somewhat reduced while that for food about unchanged. Exports are expected to remain at low levels.

Wheat: Supply and distribution in continental United States, 1923-41

SUPPLY

Year beginning July	Stocks July 1					New crop	Imports (flour included) 3/	Total supply
	On farms	In country elevators and mills	Commercial stocks 1/	In merchant mills and elevators and stored for others 2/	Total			
With new wheat in commercial and merchant mill stocks:	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1923	35,239	37,117	28,956	31,000	132,312	759,482	14,578	906,372
1924	29,349	36,626	38,112	33,000	137,087	841,617	304	979,008
1925	28,638	26,287	28,900	25,676	108,401	668,700	1,747	778,848
1926	27,071	29,501	16,148	27,505	100,225	832,213	77	932,516
1927	26,640	21,776	21,052	40,038	109,506	875,059	188	984,763
1928	19,588	19,277	38,587	34,920	112,372	914,373	91	1,026,836
1929	45,106	41,546	90,442	51,279	228,373	823,217	53	1,051,643
1930	60,216	60,166	109,327	59,170	288,879	886,470	354	1,176,703
1931	37,867	30,252	203,967	41,202	313,288	941,674	7	1,254,969
1932	93,769	41,585	168,405	71,714	376,473	756,927	10	1,132,410
1933	82,882	64,293	123,712	107,052	377,939	551,683	163	929,775
1934	62,516	48,128	80,548	83,114	274,306	626,393	4/ 15,569	816,268
1935	44,359	30,894	21,951	49,524	146,708	626,344	34,617	807,689
1936	43,988	21,908	26,202	60,590	141,688	626,766	34,455	802,909
1937	21,851	11,530	16,197	52,899	102,477	875,676	634	978,787
1938	69,113	30,620	28,333	54,214	172,280	931,702	271	1,104,263
1939	90,372	36,631	81,334	85,029	293,366	761,435	263	1,045,064
1940	83,146	33,618	87,325	90,964	295,053	816,698	3,523	1,115,274
1941	89,097	73,240	151,896	93,882	408,115	952,997	---	1,361,112
With only old wheat in all stocks positions:								
1937	21,851	11,530	9,022	5/ 40,399	82,802	875,676	634	959,112
1938	59,113	30,620	22,190	5/ 40,791	152,714	931,702	271	1,084,687
1939	90,372	36,631	64,103	5/ 61,054	252,160	751,435	263	1,003,858
1940	83,146	33,618	84,189	5/ 80,650	281,603	816,698	3,523	1,101,824
1941	89,097	73,240	142,671	5/ 81,598	386,606	952,997		1,339,603

DISTRIBUTION

Year beginning July	Exports and shipments 3/				Domestic disappearance				Stocks June 30 8/
	Exports (wheat only)	Exports flour as wheat	Shipments (flour included) 6/	Total	Seed	Feed (fed on farms of wheat growers)	Foods and commercial feeds 7/	Total	
With new wheat in commercial and merchant mill stocks:	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1923	78,793	67,213	2,973	148,979	74,111	69,670	476,525	620,306	137,087
1924	195,490	59,478	2,871	267,839	79,895	65,727	477,146	612,768	108,401
1925	63,189	31,428	2,741	97,358	78,828	28,214	474,223	581,265	100,225
1926	156,260	49,761	3,082	209,093	83,264	34,261	496,391	613,916	109,506
1927	145,999	45,228	2,692	193,919	89,864	44,507	544,091	678,462	112,372
1928	103,114	38,106	3,172	144,392	83,663	56,666	513,842	664,071	228,373
1929	92,175	48,179	2,983	143,337	83,363	58,769	477,305	619,427	288,879
1930	76,365	36,063	2,860	115,278	80,886	157,188	609,063	747,137	313,288
1931	96,521	26,376	2,767	125,654	80,049	173,991	499,802	753,842	375,473
1932	20,887	10,979	3,023	34,889	83,613	124,912	511,157	719,682	377,939
1933	18,800	6,798	2,779	28,377	77,832	72,261	476,999	627,092	274,306
1934	3,019	7,612	2,783	13,314	82,585	83,700	489,961	556,246	146,708
1935	311	3,896	2,889	7,096	87,555	83,168	488,162	668,886	141,688
1936	3,168	6,099	2,996	12,263	96,593	88,272	603,304	688,169	102,477
1937	83,740	16,320	3,321	103,381	94,146	112,860	496,120	703,126	172,280
1938	84,589	22,057	2,888	109,534	75,454	125,591	500,308	701,353	293,366
1939	23,636	21,232	3,475	48,343	72,853	91,487	537,328	701,668	295,053
1940	10,810	22,841	6/(3,600)	37,251	74,713	100,408	494,787	669,908	408,115
With only old wheat in all stocks positions::									
1937	83,740	16,320	3,321	103,381	94,146	112,860	496,011	703,017	152,714
1938	84,589	22,057	2,888	109,534	75,464	125,591	521,948	722,993	252,160
1939	23,636	21,232	3,475	48,343	72,853	91,487	509,572	673,912	281,603
1940	10,810	22,841	6/(3,600)	37,251	74,713	100,408	502,846	677,967	386,606

Division of Statistical and Historical Research, Bureau of Agricultural Economics.

1/ 1923 to 1926 Bradstreet's, excluding country elevator stocks.

2/ Stocks in merchant mills and elevators - 1923 and 1924 estimated in absence of actual figures; 1925-40, Bureau of Census figures raised to represent all merchant mills. Stored for others - 1923-29, estimated in absence of actual figures; 1930-40, Bureau of Census figures raised to represent all merchant mills.

3/ From reports of Foreign and Domestic Commerce of the United States. Imports include full-duty wheat, wheat paying a duty of 10 percent ad valorem, and dutiable flour in terms of wheat; and exclude flour free for export as follows: 42,742 bushels in 1935-36; 108,095 bushels in 1937-38; 363,263 bushels in 1938-39; 213,930, 1939-40; and 169,670, 1940-41. Exports include only flour made from domestic wheat; 1923-35 estimated on basis of total exports less wheat imported for milling in bond and export adjusted for changes in carry-over; beginning 1935, figures for exports and shipments of flour wholly from United States wheat.

4/ Includes durum wheat returned from Montreal, estimated at 1,500,000 bushels.

5/ For 1937 excludes new wheat estimated at 12,500,000 bushels; for 1938 excludes 13,423,000 bushels; for 1939, 23,975,000 bushels; for 1940, 10,314,000 bushels; and for 1941, 12,384,000 bushels, reported as new wheat by Bureau of Census.

6/ Shipments are to Alaska, Hawaii, Puerto Rico, and Virgin Islands (Virgin Islands prior to December 31, 1934, included with domestic exports). 1940 estimated in absence of official figures.

7/ Balancing item.

8/ For individual items, see supply section of this table.

THE WHEAT SITUATION
Including rye

(Summer Outlook Issue)

Farmers are now making plans for the seeding of winter wheat to be harvested in 1942. This issue of The Wheat Situation, therefore, has been prepared with particular reference to the outlook for the wheat crop to be seeded this fall.

Summary of the Outlook for the 1942 Wheat Crop

World wheat supplies in 1942 are expected to remain at high levels - with trade restricted and export prices low. In the United States, wheat prices are expected to continue well above the export price-level of other surplus producing countries, with the Government loan program as the principal price-supporting influence.

Present indications are that the acreage seeded to wheat for harvest in 1942 for the country as a whole will about equal the national acreage allotment under the Agricultural Adjustment Act of 55 million acres. With marketing quotas in effect, actual seedings for 1942 probably will not differ materially from the allotted acreage.

If the total wheat seedings turn out to be about 55 million acres and average yields are obtained, production will total about 650 million bushels, or about 20 million bushels below probable domestic utilization. This reduction, together with such exports as we may have, would moderately reduce by the end of the 1942-43 marketing year the very large carry-over of about 640 million bushels in prospect July 1, 1942.

Summary of the Situation for the 1940 Wheat Crop

Domestic wheat prices are higher than a month ago. General optimism in speculative markets, the advance in commodity prices generally, and increased buying by millers and bakers have caused prices to advance toward loan values earlier this year than in the other years in which the loan program was in effect.

The domestic wheat supply for the year beginning July 1, 1941 is now indicated to be 1,340 million bushels, consisting of an indicated crop of about 953 million bushels and a carry-over of old wheat of 387 million bushels. The indicated supply is about 240 million bushels above the supply a year ago and about 100 million bushels larger than the record high in 1931. Domestic disappearance in 1941-42 is now estimated at about 670 million bushels. The quantity of exports is very uncertain because of unsettled conditions.

Total world wheat supplies 1/ in 1941-42 are expected again to be of record size. On the basis of present indications, the crop is about 50 million bushels larger this year than last. World wheat stocks on July 1 were at a new high for that date. Increases in stocks in Canada, the United States, and the Argentine more than offset reductions in Australia, Europe, and North Africa. On the basis of present crop prospects in the four overseas wheat surplus countries (United States, Canada, Argentina, and Australia) and curtailed world trade, surpluses are expected to be greatly increased in these overseas countries a year hence.

-- August 26, 1941

1/ All references to world acreage, production, and stocks exclude the U.S.S.R. and China.

ESTIMATED WHEAT STOCKS IN FOUR MAJOR EXPORTING COUNTRIES AS OF JULY 1, 1922-41, AND INDICATION FOR 1942

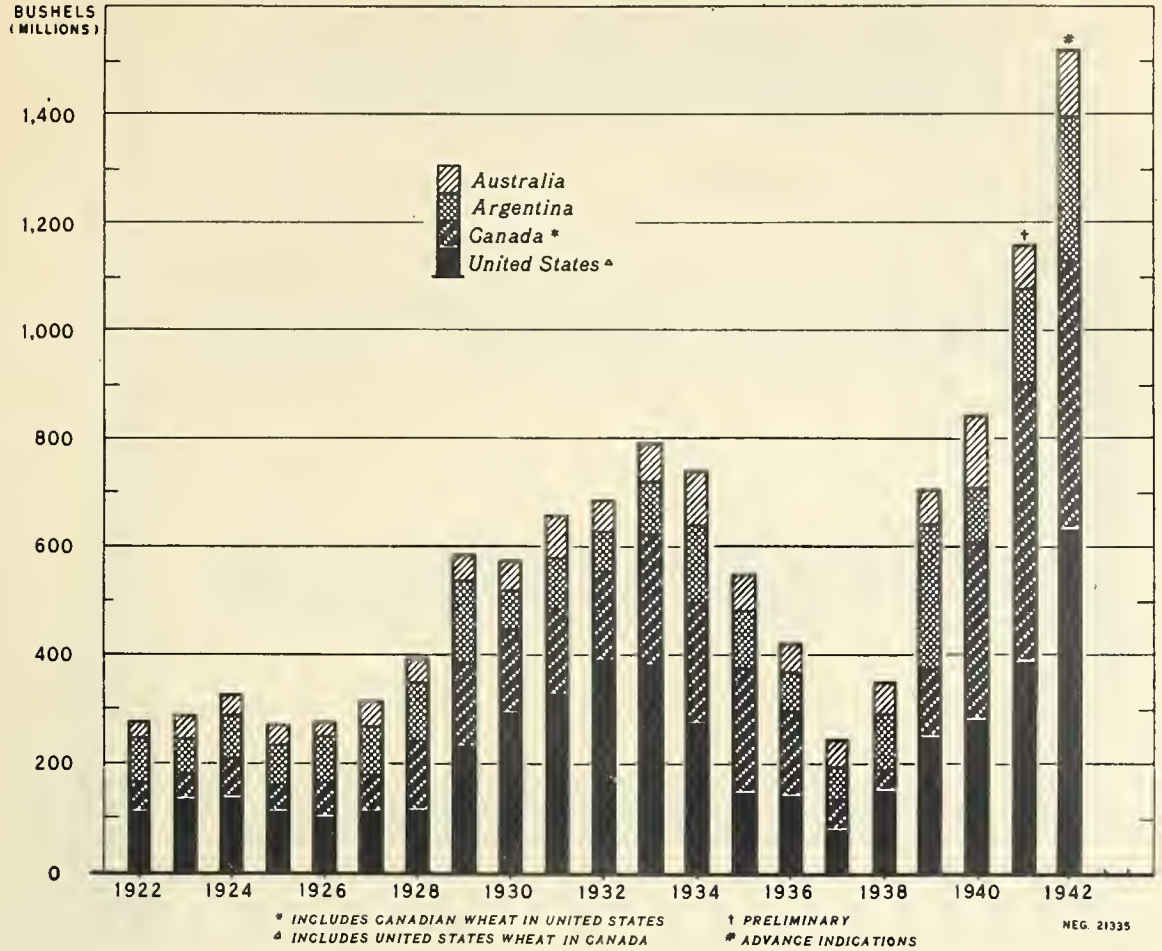


Figure 1

July 1 wheat stocks in the four overseas exporting countries in 1941 reached the highest levels on record, being about double the 10-year average, 1931-40. Stocks on July 1, 1942 are expected to reach new record levels.

Estimated wheat stocks in four major exporting countries, as of about July 1, 1922-41, and indication for 1942

Year	United States grain 1/	Canadian grain 2/	Argentina	Australia	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1922	110	52	82	29	273
1923	134	47	67	42	290
1924	137	71	79	38	325
1925	111	50	73	37	271
1926	101	64	85	27	277
1927	111	69	89	46	315
1928	115	128	107	43	393
1929	232	152	155	47	586
1930	294	153	70	57	574
1931	328	157	94	77	656
1932	391	160	73	58	682
1933	382	237	98	70	787
1934	274	221	144	102	741
1935	147	225	106	70	548
1936	142	155	73	54	424
1937	83	52	60	53	248
1938	153	36	98	63	350
1939	253	119	263	65	700
1940	282	320	102	136	840
1941 3/	386	511	180	78	1,155
1942 4/	640	490	265	125	1,520

Division of Statistical and Historical Research, Bureau of Agricultural Economics. Compiled as follows:
United States - Stocks on farms, in country mills and elevators, commercial, in merchant mills and elevators, and stored for others by merchant mills.
Canada - 1922-23, carry-over August 31, plus net exports and estimated retention of flour during July and August; beginning 1924, carry-over July 31, plus net exports and estimated retention of flour for July.
Argentina - Carry-over on December 31, plus exports and estimated domestic consumption, July 1 to December 31.
Australia - 1922-24, exports only plus estimated domestic consumption; beginning 1925, July 1 to December 31, carry-over on December 1, plus net exports and estimated domestic consumption July 1 to November 30.

1/ Includes United States wheat in Canada. Includes small quantities of new wheat prior to 1937. 2/ Includes Canadian wheat in the United States. 3/ Preliminary. 4/ Indication.

ALL WHEAT: ACREAGE, YIELD, AND PRODUCTION.
UNITED STATES, 1919-41

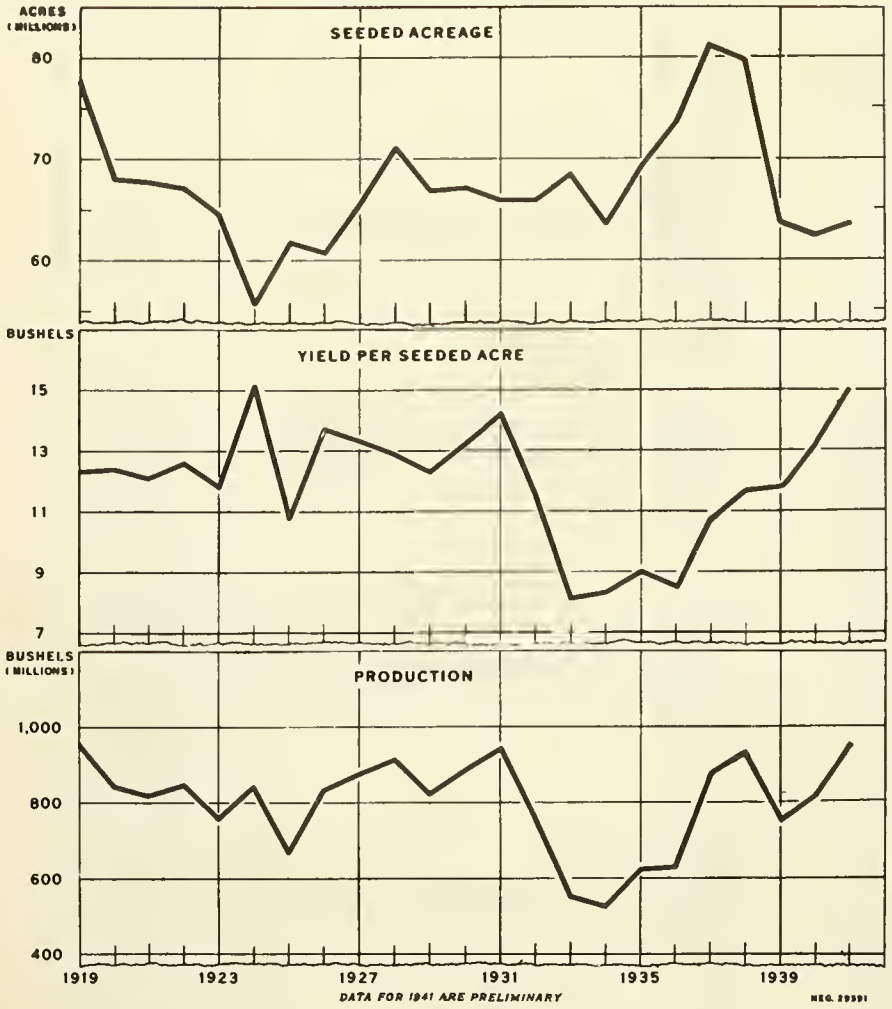


Figure 2

The total wheat acreage seeded for harvest in 1941 was 2 percent less than that seeded for the previous crop and the same as seeded for the 1939 crop. However, the 1939-41 acreages represented a very large reduction from seedings for the 1937 and 1938 crops, which were the largest in our history. The large production in 1941 reflects very high yields.

All wheat: Acreage seeded, yield per acre, and production, United States, 1919-41

Year of harvest	Seeded acreage	Yield per seeded acre	Production
	1,000 acres	Bushels	1,000 bushels
1919	77,440	12.3	952,097
1920	67,977	12.4	843,277
1921	67,681	12.1	818,964
1922	67,163	12.6	846,649
1923	64,590	11.8	759,482
1924	55,706	15.1	841,617
1925	61,738	10.8	668,700
1926	60,712	13.7	832,213
1927	65,661	13.3	875,059
1928	71,152	12.9	914,373
1929	66,840	12.3	823,217
1930	67,150	13.2	886,470
1931	65,998	14.3	941,674
1932	65,913	11.5	756,927
1933	68,485	8.1	551,683
1934	63,562	8.3	526,393
1935	69,207	9.1	626,344
1936	73,724	8.5	626,766
1937	81,072	10.8	875,676
1938	79,565	11.7	931,702
1939	63,516	11.8	751,435
1940	62,367	13.1	816,698
1941 1/	63,503	15.0	950,953

Division of Statistical and Historical Research, Bureau of Agricultural Economics.
Data from the Agricultural Marketing Service.
1/ Preliminary.

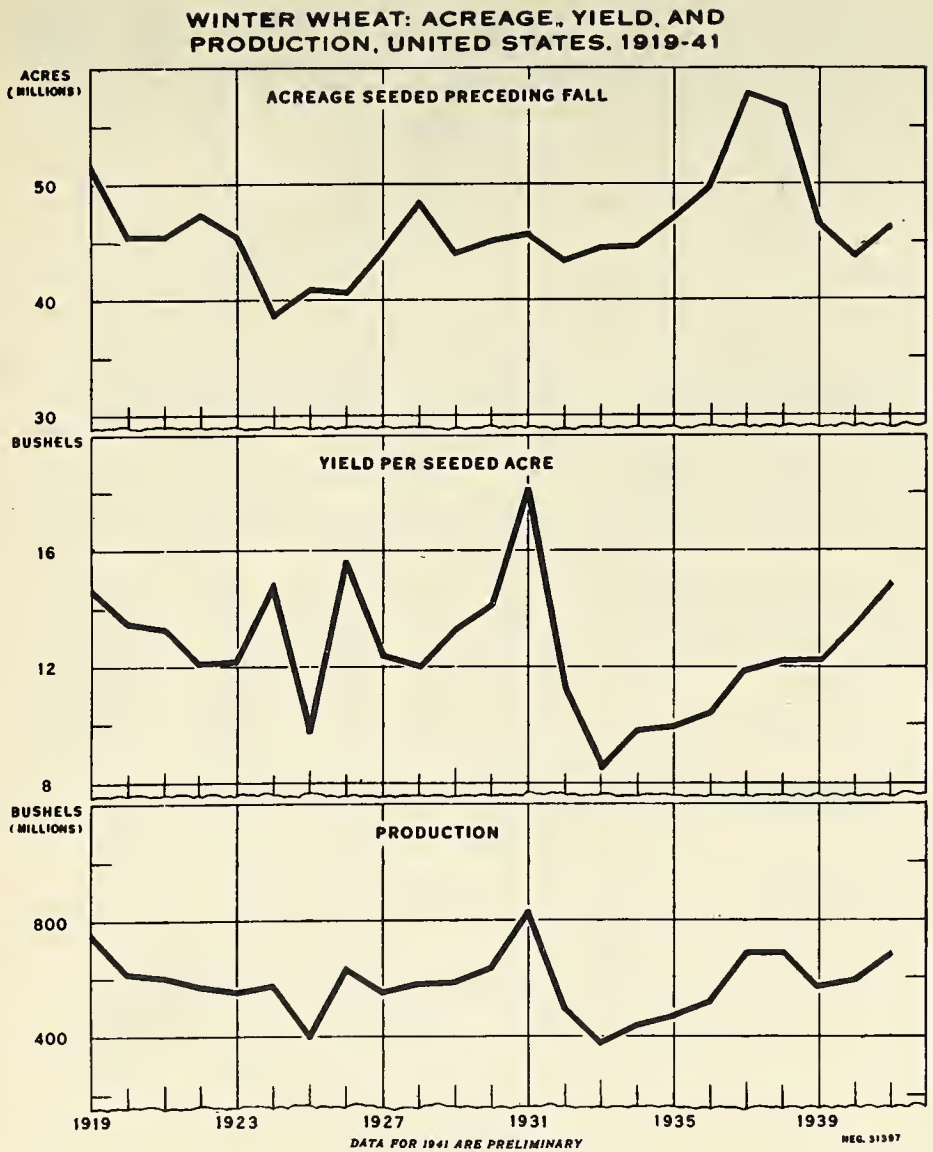


Figure 3

The 46.3 million acres of winter wheat seeded for the 1941 crop was 2.5 million acres above seedings for the 1940 crop -- an increase of 5.5 percent. Yields in 1940 were above average and the crop large.

Winter wheat: Acreage seeded, yield per acre, and production, United States, 1919-41

Year of harvest	Seeded acreage	Yield per seeded acre	Production
	1,000 acres	Bushels	1,000 bushels
1919	51,391	14.6	748,460
1920	45,505	13.5	613,227
1921	45,479	13.3	602,793
1922	47,415	12.1	571,459
1923	45,408	12.2	555,299
1924	38,638	14.8	573,563
1925	40,922	9.8	400,619
1926	40,604	15.6	631,607
1927	44,134	12.4	548,188
1928	48,431	12.0	579,066
1929	43,967	13.3	586,239
1930	45,032	14.1	633,605
1931	45,647	18.1	825,396
1932	43,371	11.3	491,795
1933	44,445	8.5	376,518
1934	44,585	9.8	437,963
1935	47,064	9.9	465,319
1936	49,765	10.4	519,874
1937	57,656	11.9	685,824
1938	56,539	12.2	688,133
1939	46,464	12.3	569,741
1940	43,820	13.4	589,151
1941 1/	46,271	14.8	684,966

Division of Statistical and Historical Research, Bureau of Agricultural Economics. Data from the Agricultural Marketing Service.

1/ Preliminary.

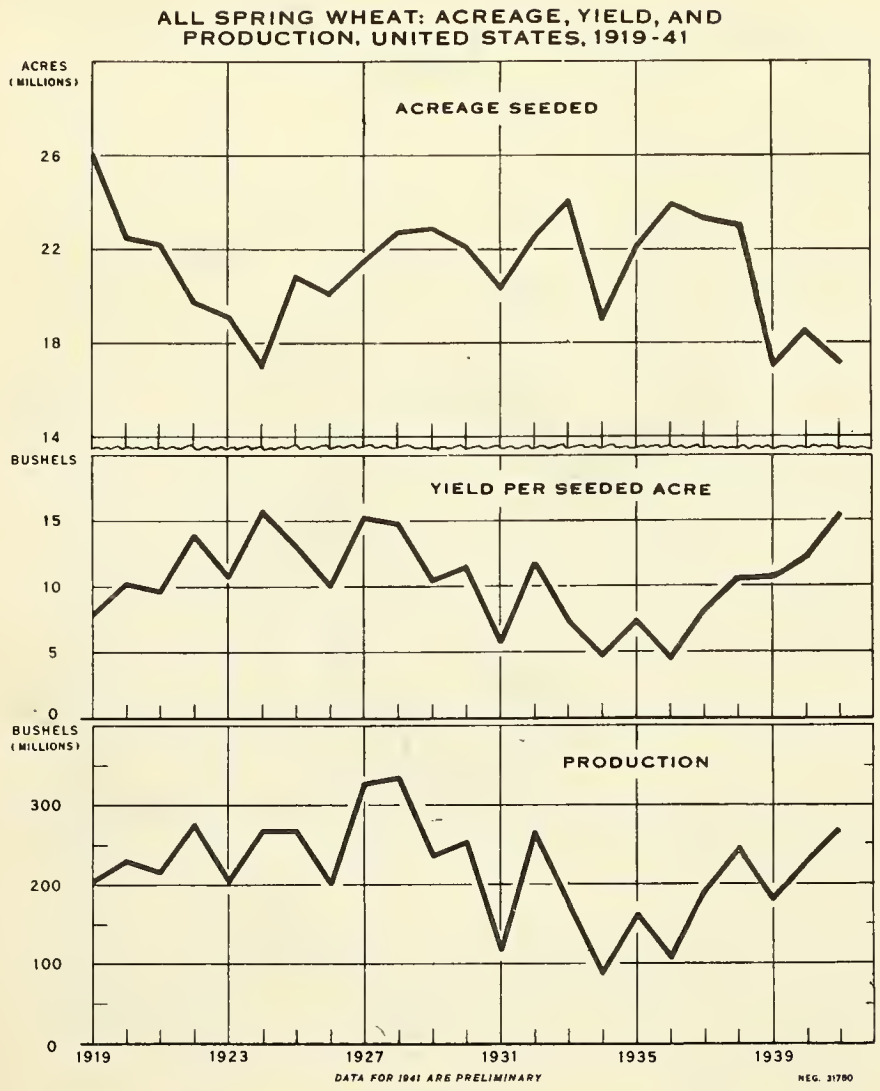


Figure 4

The 17.2 million acres of all spring wheat seeded for the 1941 crop was 1.3 million acres below seedings for the 1940 crop -- a decrease of 7 percent. Even with one of the smallest acreages in recent times, exceptional growing conditions resulted in a very large 1941 crop.

All Spring Wheat: Acreage seeded, yield per acre, and production, United States, 1919-41

Year of harvest	Acreage seeded	Yield per seeded acre	Production
	1,000 acres	Bushels	1,000 bushels
1919	26,049	7.8	203,637
1920	22,472	10.2	230,050
1921	22,202	9.7	216,171
1922	19,748	13.9	275,190
1923	19,102	10.7	204,183
1924	17,068	15.7	268,054
1925	20,816	13.0	268,081
1926	20,108	10.0	200,606
1927	21,527	15.2	326,871
1928	22,721	14.8	335,307
1929	22,873	10.4	236,978
1930	22,118	11.4	252,865
1931	20,351	5.7	116,278
1932	22,542	11.8	265,132
1933	24,040	7.3	175,165
1934	18,977	4.7	88,430
1935	22,143	7.3	161,025
1936	23,959	4.5	106,892
1937	23,416	8.1	189,852
1938	23,026	10.6	243,569
1939	17,052	10.7	181,694
1940	18,547	12.3	227,547
1941 1/	17,232	15.4	265,987

Division of Statistical and Historical Research, Bureau of Agricultural Economics.
Data from the Agricultural Marketing Service.
1/ Preliminary.

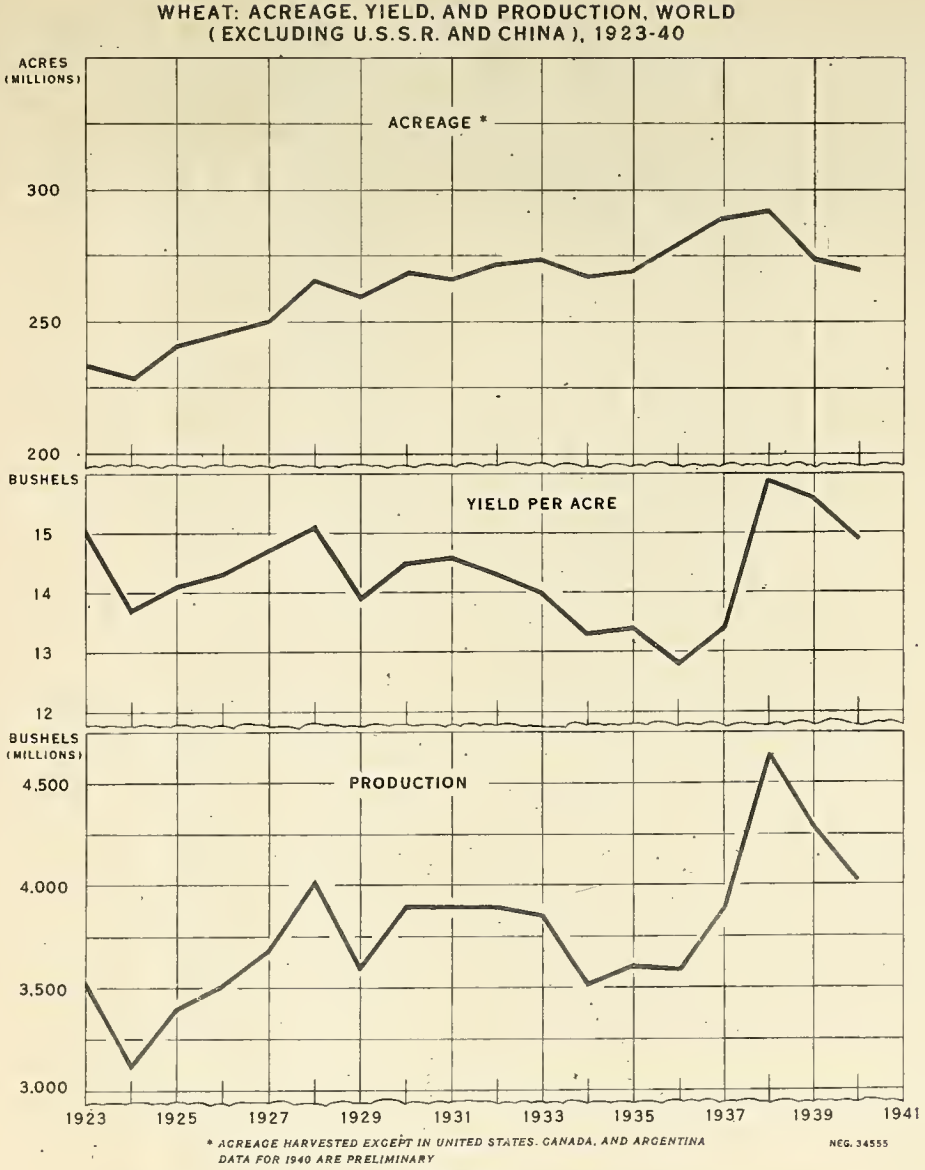


Figure 5

During the 1934-36 period world wheat yields were considerably below average and production small. In more recent years large crops have resulted not only from large acreages but high yields as well. A small reduction in acreage took place in 1941.

Wheat: Estimated acreage, yield, and production, world (exluding U.S.S.R. and China), 1923-40

Year of harvest 1/	Acreage 2/	Yield per acre	Production
	Million acres	Bushels	Million bushels
1923	236	15.0	3,535
1924	229	13.7	3,143
1925	241	14.1	3,396
1926	245	14.3	3,504
1927	250	14.7	3,683
1928	266	15.1	4,005
1929	259	13.8	3,582
1930	268	14.5	3,894
1931	266	14.6	3,877
1932	272	14.3	3,876
1933	274	14.0	3,848
1934	267	13.3	3,561
1935	269	13.4	3,602
1936	279	12.8	3,584
1937 3/	289	13.4	3,879
1938 3/	292	15.9	4,638
1939 3/	274	15.6	4,286
1940 3/	270	14.9	4,017

Division of Statistical and Historical Research, Bureau of Agricultural Economics.

1/ Refers to year of harvest in Northern Hemisphere, although it includes data for the Southern Hemisphere where the harvest ends early the following year.
2/ Acreage harvested except the United States, Canada, and Argentina.
3/ Preliminary.

OUTLOOK FOR THE 1942 WHEAT CROP

BACKGROUND 2/.- The acreage seeded to wheat for harvest in 1941 in the United States was 63.5 million acres, 2 percent more than the 62.4 million acres seeded for harvest in 1940, and the same as was seeded for the 1939 crop. However, the 1939-41 acreages represent a very large reduction from seedings for the 1937 and 1938 crops, when 81.1 and 79.6 million acres, respectively, were seeded - the largest in the history of the country (tables, fig. 2-4). There were no national acreage allotments operative in 1937 and 1938. In 1939 the allotment was 55 million acres, in 1940 and 1941, 62 million acres.

World wheat acreage 3/ increased steadily over a period of years until in 1938 it reached 292 million acres. During the past 2 years it has declined, but at 270 million acres estimated for 1940, it was still at high levels compared with the acreage in the 20's (table, fig. 5). World production 3/ for a number of years did not increase with the upward trend in acreage, however, because of small yields per acre. In 1938 and 1939 yields were very high and the largest world crops in history were produced. In both of these years production exceeded consumption, and world carry-over stocks 3/ on July 1, 1940 were the largest in history.

World trade in wheat and flour declined sharply following the peak year 1928-29, largely as the result of drastic restrictions in imports and increased production in major importing countries. In the early part of this period, exports from the United States declined with those from other surplus-producing countries. During the period 1934-35 to 1936-37, small crops in the United States were followed by net imports (table 8). World wheat and flour exports in 1937-38 were about 518 million bushels, in 1938-39 about 638 million bushels, and in 1939-40 about 620 million bushels. With reduced shipping in 1940-41, as the result of the blockade and other conditions, exports of wheat and flour declined to about 450 million bushels. Net exports from the United States in 1937-38 were 99 million bushels, in 1938-39 they were 106 million bushels, in 1939-40, 45 million bushels, and in 1940-41 they were down to 34 million bushels.

The acreage allotted for seeding the 1942 crop under the Agricultural Adjustment Act is 55 million acres. This is 7 million acres smaller than the allotment in each of the 2 preceding years, when actual seedings exceeded

2/ See also background statements on pages 12 and 17.
3/ All references to world acreage, production, and stocks exclude the U. S. S. R. and China.

the allotments. However, with marketing quotas in effect for the first time, and the likelihood that many farmers with penalty wheat will reduce their acreage below their allotments in order to market such wheat in 1942-43 without penalty, it is very probable that the actual seedings in 1942 will not differ materially from the allotment.

If the total wheat seedings for harvest in 1942 turn out to be about 55 million acres, and the 20-year (1921-40) average yield per seeded acre of 11.8 bushels is obtained, production will total about 650 million bushels. This would be about 20 million bushels below probable domestic utilization, and the very large carry-over on July 1, 1942, forecast at about 640 million bushels, would be reduced by the end of the 1942-43 year by this quantity and by any exports which take place in 1942-43.

The annual average yields per seeded acre in the United States usually vary between about 10 and 14 bushels. A 10-bushel yield on 55 million acres would result in a crop about 120 million bushels short of probable domestic utilization. After allowing for exports, this would leave a carry-over of about 500 million bushels June 30, 1943 - about 140 million bushels less than on July 1, 1942 but still over 100 million bushels above the stocks on July 1, 1941. If, however, a yield of 14 bushels is obtained on 55 million acres, a crop of 770 million bushels would result, which would mean that the carry-over on June 30, 1943 might exceed 700 million bushels.

The only insect seriously menacing the coming winter wheat crop is the hessian fly. It is present in abundance throughout most of the North Central States. Weather conditions adverse to the fly, such as prolonged drought from late August to October, inclusive, can prevent an unusually great emergence of this pest. The menace can be largely avoided by seeding winter wheat during the fly-free period (dates may be obtained from State entomologists or local agricultural agents).

Each year the acreage allotment is adjusted so that with the prospective carry-over it will provide wheat enough for normal domestic consumption, normal exports, and at least a 30-percent reserve. Since the 55-million-acre allotment minimum is above the level necessary to provide this objective, above-normal reserves will continue a definite part of the United States wheat situation until the world situation again provides a considerably larger export market than at present or unless yields per acre should be materially below average. Under present world conditions an ample carry-over of wheat is advisable as security against unforeseen emergencies.

It is too early to appraise the probabilities for the 1942 world wheat crop, but it now appears that the acreage will be slightly below that for 1940. The acreage in the United States will probably be reduced from the present 63-1/2 million acres to about 55 million acres, and the area in Canada is expected to remain below the high level of 29 million acres reached in 1940. Some reduction may be anticipated in Australia and Argentina, but the total acreage for the other countries of the world is not

expected to change much. A 5-percent reduction in acreage from the 1940 levels would mean an acreage of about 257 million acres. At the 15-year (1926-40) average yield per acre of 14.3 bushels, such an acreage would result in a crop of 3,675 million bushels. A crop of this size is less than probable world consumption in 1942 and would be expected to reduce the very large world stocks expected July 1, 1942. Stocks would be further reduced if hostilities should terminate and shipping to Europe be resumed in 1942-43, a situation which would increase consumption from present low levels. World stocks July 1, 1942 will be of record size, however, and even though consumption exceeds production, such reduction as may take place will still leave a very large carry-over July 1, 1943.

With supplies in 1942-43 likely to continue to be very much larger than average, international wheat prices are expected to remain at relatively low levels. Wheat prices in the United States will continue well above world levels, however, so long as the Government loan program continues. In the past several years of such loans, prices have been considerably below loan values during the months shortly before and after harvest, gradually rising until they approximated the loan rate. A sharp rise in the general price level and optimistic speculative sentiment in commodity markets this summer have brought an earlier adjustment of prices to loan values for the 1941 crop. If a general price rise of sizeable proportions should occur, it is quite possible that prices would be carried to a level considerably above loan rates, despite large supplies and curtailed export markets. Such prices could prevail as long as farmers, dealers, and speculators in sufficient numbers were willing to carry the surplus wheat at such figures.

THE DOMESTIC WHEAT SITUATION FOR THE 1941 CROP

BACKGROUND.- In the 10-year period 1930-39 the carry-over of old wheat in the United States averaged about 230 million bushels, and domestic disappearance about 695 million bushels.

Domestic wheat prices from the spring of 1933 to the spring of 1937 were unusually high in relation to world prices as the result of small crops in the United States. In 1937 United States production was large and prices declined. In 1938, with domestic production again large, with a record world crop, and with lower commodity prices generally, prices again declined, and would have averaged still lower had it not been for the loan and export-subsidy programs which held domestic prices above export parity.

Prices received by growers for wheat during the year beginning July 1939, averaging 69 cents, continued relatively high compared with the usual relationship to prices in other countries, as a result of only a moderately large carry-over, reduced acreage, poor prospects for 1940 yields, and holding of wheat in expectation of higher prices.

Prices advanced sharply in September 1939, following the outbreak of the European war, and again in December, influenced by war developments and by poor crop prospects in Argentina and the United States. In the middle of May 1940, following the turn of events in Europe, selling became heavy and most of the gains were lost. From the middle of May until the middle of August prices declined seasonally, then they advanced until the middle of November. After declining to the middle of February, they again rose, influenced by new legislation affecting the loan rates, and are now at about the highest levels since May 1940.

The 1941 wheat loan rate, based on the July 1 parity price of wheat, represents an average national loan rate to farmers of approximately 98 cents per bushel. In 1938-39 the loan averaged 53 cents, in 1939-40, 64 cents, and in 1940-41, 65-1/2 cents. At important terminal markets the loan values for 1941 are as follows: No. 2 Hard Winter at Kansas City $1.10 and at Chicago $1.15, No. 2 Red Winter at St. Louis and at Chicago $1.15, No. 1 Dark Northern Spring at Minneapolis $1.15, and No. 1 Soft White at Portland $1.05.

United States wheat crop estimated 27 million bushels above indication of July 1

A total wheat crop of 951 million bushels was indicated by the Agricultural Marketing Service as of August 1. This is an increase of 27 million bushels over the production indicated a month earlier, with nearly all of the increase accounted for by the increase in the spring wheat crop. The mid-August report indicated a further increase of 2 million bushels in spring wheat for the four States of Minnesota, North Dakota, South Dakota, and Montana, which on August 1 accounted for 263 million bushels out of 266 million bushels for United States spring wheat as a whole. Assuming no change in the 3-million-bushel spring wheat production for which there was no mid-August report, a total wheat crop of 953 million bushels would be indicated. A crop of this size would be 17 percent above last year's crop of 817 million bushels and 27-1/2 percent above the 10-year (1930-39) average of 748 million bushels. The indicated yield per seeded acre at 15.0 bushels for all wheat compares with 13.1 bushels a year ago and with 11.8 bushels, the 20-year (1921-40) average.

The preliminary estimate of winter wheat production as of August 1 was 685 million bushels, which is larger than last year's production of 589 million bushels and the 10-year average of 569 million bushels by 16 percent and 20 percent, respectively. This preliminary estimate shows only a little increase over a month ago in total winter wheat production. In Kansas, Oklahoma, and Texas, where there was heavy crop loss due to excessive rain and delayed harvest, reports from wheat growers as of August 1 indicated still further reduction in production prospects from those indicated a month earlier. This was offset, however, by increases over July 1 indications in some eastern Corn Belt States and in most of the Western States. In these areas yields at harvest overran earlier expectations.

An indication of spring wheat, including durum, of 268 million bushels is 27 million bushels larger than indicated July 1, 40 million bushels more than the 1940 production, and 90 million bushels above the 10-year (1930-39) average. Production of durum wheat was indicated at 41 million bushels compared with 35 million bushels last year and the 10-year average of 28 million bushels. The production indicated for this year is the largest since 1930. Production of other spring wheat is placed at about 227 million bushels, an increase of 24 million bushels over the July expectations. Last year's production was 193 million bushels and the 10-year average 150 million bushels. There was less evidence of damage to other spring wheat than to durum during July from the high temperatures, and record high yields are in prospect for North Dakota, Idaho, and Washington.

United States old-wheat stocks largest on record

Stocks of old wheat in the United States on July 1, 1941, at the beginning of the new marketing year, are estimated at 387 million bushels, including 12 million bushels in the insurance reserve (chart and table, pages 1 and 2). July 1 stocks this year are the largest on record and exceed the previous high in 1932 by about 25 million bushels. The present estimate is 7 million bushels more than the forecast in March and 8 million less than that made in May. Stocks of old wheat on July 1, 1940 totaled 282 million bushels. Adding the indicated crop to the carry-over gives a domestic wheat supply for the year beginning July 1, 1941 of 1,340 million bushels. This is about 240 million bushels above the supply a year ago and about 100 million bushels larger than the record high in 1931.

The estimated July 1 carry-over of old wheat, current crop indications and probable prospective utilization, by classes, for 1941-42 are shown in table 1, and for 1940-41 in table 2. The disappearance indicated for 1941-42 of 670 million bushels is 7 million bushels less than in 1940-41 because a reduction in acreage will require less wheat for seed. Ordinarily with a higher price level relative to the price of corn there would be less feeding of wheat. However, with somewhat lower quality of wheat this year compared with the above-average quality last year and with a probable increase in demand for poultry and livestock feed, the quantity of wheat fed may not be much different from that in 1940-41. The higher income level expected in 1941-42 may about offset the effect on consumption of the advance in bread and flour prices, so that human consumption also may remain about unchanged.

Domestic wheat prices sharply higher

Domestic wheat prices are generally 5 to 11 cents higher than in mid-July. Cash prices reached about the highest levels since April and May 1940, and the Chicago May futures are at the highest level since April 1937. General optimism in speculative markets, the advance in commodity prices generally, and increased buying by millers and bakers have caused prices to advance toward loan values earlier this year than in the other years in which the loan program was in effect.

Table 1.- Estimated prospective wheat supplies and probable distribution by classes for 1941-42

Item	Hard red winter	Soft red winter	Hard red spring	Durum	White	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
Carry-over July 1, 1941 (old wheat):						
Farms and interior mills and elevators	41	21	69	17	14	162
Commercial	73	12	50	5	3	143
Merchant mills 1/	46	9	17	4	6	82
Total carry-over	160	42	136	26	23	387
Production 2/	391	226	201	42	93	953
Total supply	551	268	337	68	116	1,340
Prospective utilization	275	208	100	28	59	670
Available for carry-over, insurance stocks, and export	276	60	237	40	57	670

1/ Bureau of Census figures raised to represent all merchant mills. Includes stored for others as well as owned wheat in merchant mills and elevators.
2/ August estimate.

Table 2.- Estimated prospective wheat supplies and distribution by classes for 1940-41

Item	Hard red winter	Soft red winter	Hard red spring	Durum	White	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
Carry-over July 1, 1940 (old wheat):						
Farms and interior mills and elevators	43	16	35	10	13	117
Commercial	39	4	34	5	2	84
Merchant mills 1/	53	5	14	3	6	81
Total carry-over	135	25	83	18	21	282
Production	315	220	161	36	85	817
Total supply	450	245	244	54	106	1,099
Net exports and shipments 2/	6	3	1	--	24	34
Carry-over June 30, 1941 (old wheat)	160	42	136	26	23	387
Apparent disappearance 3/	284	200	107	28	59	678

1/ Bureau of Census figures raised to represent all merchant mills and elevators. Includes stored for others as well as owned wheat in merchant mills and elevators.
2/ From reports of Foreign and Domestic Commerce of the United States. Exports include only flour made from domestic wheat. Shipments are to Alaska, Hawaii, Puerto Rico, and Virgin Islands.
3/ Balancing item.

On August 25 the price of December futures at Chicago was at about loan levels, while cash prices were below loan values as follows: Hard winter at Kansas City 3 cents, red winter at St. Louis also 3 cents, dark northern spring at Minneapolis 10 cents, and soft white at Portland 10 cents. Prices of domestic spring wheat at Buffalo were about 5 cents higher than the price of Canadian wheat of comparable quality, c.i.f., duty paid, at the same market. Large-quantity imports are being prevented by import quota restrictions on wheat and flour. 4/

The likelihood that a very large quantity of wheat would be held off the market this year has been an important price factor since the time that legislation was introduced to raise the loan rates on the new crop. It now appears that the quantity of the 1941 crop to be placed under Government loan may be sufficient to cause wheat prices to advance above loan values. Of the 387 million bushels of old wheat carried over on July 1, 1941, 170 million bushels were in the Government pool and 12 million bushels in insurance stocks, leaving about 200 million bushels free wheat for sale or nongovernmental storage. Adding an indicated crop of about 950 million bushels makes a total supply of about 1,150 million bushels. Considering that about 150 million bushels are used on farms where grown for seed, feed, and food, about 500 million bushels by flour mills and about 100 million bushels for inventories and in transit from the close of the 1941-42 marketing year to the time that the 1943 crop will be used (a total of 750 million bushels), a supply of 1,150 million bushels would be only 400 million bushels in excess of needs. There were 278 million bushels placed under loan out of the 1940 crop, or about 43 percent of that part of the crop not actually used on farms where grown. If a similar percentage of the 1941 crop is placed under the loan the quantity would total about 350 million bushels. While much depends upon whether prices advance to attractive levels above loan rates while farmers are considering placing their wheat under loans, present indications are that 350 million bushels may be on the low side. Moreover, there is always considerable nongovernmental holding, so that wheat held off the market by governmental loans and by private storage may well exceed 350 million bushels.

4/ Statement in "The Wheat Situation", June, 1941, page 9.

Table 3.- Weighted average cash price of wheat, specified markets and dates, 1940-41

Month and date	All classes: and grades: six markets		No. 2 Hard Winter: Kansas City		No. 1 Dk.N.Spring: Minneapolis		No. 2 Hard Amber Durum: Minneapolis		No. 2 Red Winter: St. Louis		Soft White: Portland 1/	
	1940	1941	1940	1941	1940	1941	1940	1941	1940	1941	1940	1941
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month -												
May	96.8	93.8	94.7	90.4	100.7	98.4	88.6	94.9	104.3	96.7	78.1	79.4
June	78.3	98.0	76.3	97.3	82.3	101.0	73.9	101.1	87.4	101.6	72.4	88.5
July	72.4	98.7	70.7	98.3	78.8	100.4	77.4	99.3	75.8	103.1	73.5	86.5
Week ended -:												
July 5	73.8	99.6	72.5	98.3	80.5	102.2	79.2	101.5	77.1	102.4	72.8	89.2
12	72.2	100.6	70.3	99.2	80.4	103.7	79.8	101.9	75.8	104.4	72.9	88.1
19	71.3	97.2	68.1	96.8	78.5	98.8	76.4	99.2	75.2	102.9	74.1	84.3
26	71.5	96.9	68.3	98.4	76.7	98.2	75.5	96.5	74.8	102.8	73.8	85.2
Aug. 2	74.0	99.7	70.9	100.9	77.8	101.0	75.8	98.5	77.2	104.7	74.5	87.7
9	73.1	105.2	70.1	106.4	75.4	107.2	72.3	103.4	77.0	108.8	74.7	95.0
16	71.2	104.8	68.4	106.6	72.0	106.1	74.5	104.6	75.5	109.0	72.5	93.9
High 2/	74.0	105.2	72.5	106.6	80.5	107.2	79.8	104.6	77.2	109.0	74.7	95.0
Low 2/	71.2	96.9	68.1	96.8	72.0	98.2	72.3	96.5	74.8	102.4	72.5	84.3

1/ Weekly average of daily cash quotations, basis No. 1 sacked.
2/ July 5 to Aug. 16, 1941 and corresponding dates 1940.

THE WORLD WHEAT SITUATION

BACKGROUND.- Total world supplies of wheat 5/ increased sharply from 1924 to 1933, largely as a result of increased acreage (figure 5). From 1934 to 1936, supplies declined, following successive years of small yields and increased world demand. Supplies increased slightly in 1937. With above-average yields on the large acreage, supplies in 1938, 1939, and 1940 were the largest on record, and prospects are for another large crop this year.

World wheat prices declined in the period 1924-33 with the increase in world supplies. The sharp decline in prices after 1929 was caused largely by the general decline in industrial activity and commodity prices. From the spring of 1933 to the summer of 1937, world wheat prices moved upward, reflecting world-wide recovery in commodity price levels, currency depreciation, and reduced production. The world price for the 1937 crop remained practically unchanged from that of a year earlier. In 1938, world prices again declined sharply as a result of record world production and weakness in demand. Prices in 1939-40 remained low but averaged higher than a year earlier, influenced by general expectations of increased demand for wheat as a result of the war, and by poor crop prospects in Argentina and the United States. In 1940-41 large supplies in surplus countries and reduced trade held world wheat prices to low levels.

5/ All references to world acreage, production, and stocks exclude the U.S.S.R. and China. Table on world supply and distribution was published in "The Wheat Situation" for March 1941, page 15.

World wheat production, excluding continental Europe, the U.S.S.R., and China may be 100 million bushels below 1940

It now appears that world wheat production, excluding Soviet Russia and China and also excluding continental Europe, where trade is restricted by the blockade, may be about 100 million bushels below the 2,770 million bushels produced in the same countries in 1940 6/. On the other hand, an increase of around 125 million bushels is now indicated for continental Europe, so that there is a net increase of about 25 million bushels indicated for the world, excluding the U.S.S.R. and China.

Reductions in the crops in Canada and India are expected to more than offset increases in the United States and Australia. The Canadian crop is tentatively placed at 310 million bushels -- 290 million bushels for the Prairie Provinces on the basis of weather conditions to date, 4 million bushels of spring wheat grown elsewhere in Canada, and the officially estimated winter wheat crop of 16.4 million bushels. A crop of 310 million bushels would be about 240 million bushels less than the large crop in 1940. The crop in India is now officially estimated at 374 million bushels, compared with 403 million bushels a year ago. The present crop will provide a small surplus which will probably go to the Middle East. The United States crop at 953 million bushels is 136 million bushels larger than a year ago. On the basis of present conditions and assuming average weather for the rest of the season, production in Argentina may be about the same or only slightly less than the 271 million bushels last year, while that in Australia may be materially larger than the abnormally small production in 1940.

Reports indicate that the acreage in Argentina may be about equal to the acreage last year, despite the Government's efforts to get the growers to reduce plantings. Germination was reported better than usual, with crop conditions very satisfactory. In Australia conditions for the time being remain satisfactory, but New South Wales and Victoria need immediate rains to maintain present prospects. It now seems likely that there may be a reduction in acreage of only about 2 percent.

The 1941 wheat crop of China is estimated at 720 million bushels by the American consulate general at Shanghai, compared with 700 million bushels reported for 1940. The Japanese crop is officially forecast at 58 million bushels compared with 66 million bushels in 1940.

Present crop prospects in continental Europe still indicate a production of about 1,370 million bushels. This would be larger than the very small crop of about 1,245 million bushels produced last year but still below the 10-year (1931-40) average of 1,509 million bushels. In the southeast and south the harvest is about completed with yields largely unsatisfactory. Rains have interfered with harvesting in many areas in western Europe and have resulted in losses in some sections. In the Danubian countries, except Bulgaria, yields have been below average. Reports are particularly unfavorable for Hungary.

6/ Continental Europe is excluded from the total because it is largely out of the world trade picture at the present time. This figure should not be confused with the previously published total which included continental Europe.

The crop in Greece is reported as small, and unless imports are permitted a serious shortage is expected. The Italian crop has been placed at 268 million bushels, the same as last year, but somewhat below usual requirements. The crops in Spain and Portugal are reported better than a year ago but in the case of the former still well below normal needs. In both unoccupied and occupied parts of France the crop is reported better than that of last year though still below average. In Sweden prospects are for a crop about the same as last year's poor crop. In the United Kingdom, the crop is fairly satisfactory, with good outturn expected from the larger acreage. In the U.S.S.R. the winter harvest is reported as largely completed in the southern areas, where yields are reported to be very good. While it is reported that a considerable quantity of the grain has been moved eastward, the loss in the west may be heavy as a result of war operations. Cutting of the spring crop is in progress.

Stocks in exporting countries at record high

Wheat supplies for export or carry-over in the four overseas exporting countries on August 1 are estimated at about 1,312 million bushels compared with 864 million bushels a year earlier (table 4). Stocks in Canada and the United States are at record heights and those in Argentina are second only to those in 1939. Increases in these stocks are far greater than the estimated reduction in the 1941 world crop, excluding continental Europe as well as the usual U.S.S.R. and China, and indicate that supplies in 1941-42 are at record heights.

Table 4.- Estimated wheat surplus for export or carry-over in four important exporting countries, August 1, 1938-41 1/

Position	1938	1939	1940	1941
	Million bushels	Million bushels	Million bushels	Million bushels
United States	349	324	425	668
Canada 2/	23	96	286	470
Australia	38	40	105	3/ 53
Argentina	55	211	48	121
Total	465	671	864	1,312

1/ Carry-over at the beginning of the year (United States, July 1; Canada August 1; Argentina, January 1; Australia, December 1 of the previous year) plus production minus domestic utilization for the year, minus monthly exports to date, last month for United States, Australia, and Argentina estimated.

2/ Surplus from new crop not added.

3/ Based on official exports through February 1940, and unofficial estimates for succeeding months.

International Wheat Conference discusses wheat problems

Government representatives from Argentina, Australia, Canada, the United Kingdom, and the United States, who convened in Washington on July 10, 1941, to consider problems of the world wheat situation, recessed on August 3. A tentative agreement drawn up before the recess has been submitted to the respective governments with a request for further instructions to be presented at another meeting later this year.

The discussions of the delegates covered a wider range of subjects than those of previous international wheat conferences. Besides the old problem of sharing world markets on some equitable basis, post-war relief received considerable attention. In view of the record high level of world exportable stocks on July 31, which are considered sufficient to meet the normal requirements of importing countries during 2 years, the exporting countries are faced with the necessity for some form of production control. In many of the importing countries, on the other hand, particularly in Europe, reconstruction problems will arise from the distortion of agriculture under war conditions. Not only must some plan be devised to remedy these abnormalities, but it is also desired that greater post-war happiness for the people may be attained through applying to their relief the increasing knowledge of the relationship of food to health. By means of an international ever-normal granary, it is hoped that a large pool of relief wheat may be made available at prices reasonable both to consumers and producers and free of charge to those made destitute by war.

Prices in Winnipeg and Buenos Aires continue steady

Prices in both Winnipeg and Buenos Aires, where minimum prices are in effect, have continued to fluctuate very little, and average only slightly different from those a month ago. Prices of near futures in those two markets, together with prices in Chicago, Kansas City, and Minneapolis are shown in table 5.

The following fixed minimum carlot prices for wheat, basis in store Fort William or Vancouver, were set by the Canadian Wheat Board and approved by Order-in-Council August 1, 1941:

	Cents per bushel
No. 1 Hard	70
No. 1 Northern (statutory price)	1/ 70
No. 2 Northern	67
No. 3 Northern	64
No. 1 Amber Durum	64
No. 2 Amber Durum	62
No. 3 Amber Durum	60
No. 1 Alberta Red Winter	64
No. 2 Alberta Winter	63
No. 3 Alberta Winter	61

1/ 63.6 cents in U.S. currency.

Table 5.- Average closing price of September wheat futures, specified markets and dates, 1940-41

Period	Winnipeg 1/		Buenos Aires		Chicago		Kansas City		Minneapolis	
	1940	1941	1940 2/	1941	1940	1941	1940	1941	1940	1941
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month -										
May	76.0	---	---	---	93.6	97.0	89.1	89.2	91.9	94.6
June	68.5	---	---	---	79.8	102.7	74.8	94.8	78.0	99.0
July	66.9	69.9	---	---	75.1	105.6	69.3	98.2	74.1	100.3
Week ended										
July 5	66.9	67.9	---	56.9	77.0	105.1	70.9	97.3	76.8	99.7
12	66.9	70.9	76.5	56.3	74.8	106.9	69.2	99.4	74.4	101.7
19	66.9	70.7	77.1	55.4	74.4	104.4	68.7	97.2	73.4	99.0
26	66.9	70.3	76.4	55.0	74.0	105.4	68.3	98.4	72.7	100.1
Aug. 2	66.9	68.0	72.6	55.0	75.6	106.8	69.6	99.6	73.5	101.3
9	66.9	68.4	70.5	55.1	74.4	112.0	68.0	105.6	71.4	107.3
16	66.9	68.7	71.5	55.1	71.8	111.3	65.9	105.4	68.3	107.0
High 3/	66.9	70.9	77.1	56.9	77.0	112.0	70.9	105.6	76.8	107.3
Low 3/	66.9	67.9	70.5	55.0	71.8	104.4	65.9	97.2	68.3	99.0

1/ Conversions at official rate, which is 90.909 cents. Any United States buyer of Canadian grain would be required to make settlement in terms of United States dollars through an agent of the Canadian Foreign Exchange Control Board at the official rate. Oct. futures.

2/ Oct. futures, 1940.

3/ July 5 to Aug. 16, 1941, and corresponding dates, 1940.

Table 6.- Estimated supply and distribution of wheat, by classes, continental United States, 1937-41 1/

Item	Year beginning July				
	1937	1938	1939	1940	1941 2/
	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.	Mil. bu.
All wheat					
Stocks, July 1	83	153	252	282	387
Production	876	932	751	817	953
Supply	959	1,085	1,003	1,099	1,340
Net exports 3/	103	109	48	34	
Carry-over	153	252	282	387	
Domestic disappearance 4/	703	724	673	678	
Hard red winter					
Stocks, July 1	37	60	114	135	160
Production	373	390	309	315	391
Supply	410	450	423	450	551
Exports 3/	69	68	22	6	
Carry-over	60	114	135	160	
Domestic disappearance 4/	281	268	266	284	
Soft red winter					
Stocks, July 1	15	37	29	25	42
Production	258	236	206	220	226
Supply	273	273	235	245	268
Exports 3/	5	5	3	3	
Carry-over	37	29	25	42	
Domestic disappearance 4/	231	239	207	200	
Hard red spring					
Stocks, July 1	18	31	72	83	136
Production	102	157	121	161	201
Supply	120	188	193	244	337
Net exports 3/	3	4	5	1	
Carry-over	31	72	83	136	
Domestic disappearance 4/	86	112	105	107	
Durum					
Stocks, July 1	3	5	17	18	26
Production	29	42	35	36	42
Supply	32	47	52	54	68
Exports 3/	0	2	0	0	
Carry-over	5	17	18	26	
Domestic disappearance 4/	27	28	34	28	
White					
Stocks, July 1	10	20	20	21	23
Production	114	107	80	85	93
Supply	124	127	100	106	116
Exports 3/	26	30	18	24	
Carry-over	20	20	21	23	
Domestic disappearance 4/	78	77	61	59	

1/ Averages 1929-33 and 1937-39, and annual 1929-36 in The Wheat Situation, August 1940, page 26. 2/ Preliminary. 3/ From reports of Foreign and Domestic Commerce of the United States. Exports are regular exports plus shipments to Alaska, Hawaii, Puerto Rico, and Virgin Islands, and include wheat, and flour made wholly of domestic wheat. 4/ Balancing item.

Table 7.- Wheat: Imports into the United States for domestic utilization and for grinding in bond and export, 1923-40

Year beginning July	Full duty wheat (tariff 42 cents)	Wheat unfit for human consumption (tariff of 5-10 percent ad valorem) 1/	Total imports for domestic utilization (total of first 2 columns)	Flour in terms of wheat 2/	For grinding in bond and export 3/
	Bushels	Bushels	Bushels	Bushels	Bushels
1923	13,783,423	---	13,783,423	794,920	13,904,837
1924	272,548	---	272,548	31,575	5,813,353
1925	1,664,843	---	1,664,843	81,804	13,421,480
1926	48,808	---	48,808	28,463	13,171,683
1927	161,297	---	161,297	26,926	15,043,679
1928	79,136	---	79,136	12,234	22,480,962
1929	44,607	---	44,607	8,004	12,903,364
1930	40,756	307,336	348,092	5,461	19,013,090
1931	6,057	---	6,057	1,278	12,878,851
1932	5,767	1,354	7,121	3,201	9,372,151
1933	143,646	5,739	149,385	3,882	11,341,052
1934	5,905,380	8,146,044	14,051,424	18,048	11,064,092
1935	25,288,519	9,205,128	34,493,647	123,366	11,978,659
1936	30,205,430	4,057,016	34,262,446	192,606	13,468,667
1937	597,776	4,150	601,926	31,683	2,819,031
1938	39,086	206,969	246,055	25,399	8,988,542
1939	55,524	4/ 86,284	141,808	121,476	9,952,595
1940	164,846	3,236,678	3,401,524	121,641	7,330,854

Imports for consumption from United States Tariff Commission, July 1923 to December 1933, and from Bureau of Foreign and Domestic Commerce, January 1934 to date.

1/ Beginning June 18, 1930, a new classification, wheat unfit for human consumption, was introduced by the 1930 Tariff Act.

2/ Wheat for grinding in bond for export, which enters duty free. Beginning June 18, 1930, includes wheat ground into flour in bond for export to Cuba, a new classification in the 1930 Act. From June 18, 1930 to September 3, 1936 the duty on this wheat equaled the reduction in Cuban duty and the reduction in the consumption tax applicable by treaty to such flour imported into Cuba. On September 3, 1936 the consumption tax was repealed.

3/ General imports prior to July 1934, subsequently imports for consumption. Beginning July 1934, excludes flour imported free for export in manufactured foods.

4/ Effective January 1, 1939, the new trade agreement with Canada reduced the tariff to 5 per cent ad valorem on "wheat unfit for human consumption."

Table 8.- Percentage of hard red, and soft red winter wheat in specified grades, 1940-41
(Based on inspected receipts at representative markets, July 1 to July 31)

Item	Hard Red Winter wheat: Sub-class	1940	1941	Soft Red Winter wheat: Sub-class	1940	1941
		Percent	Percent		Percent	Percent
	Dk.Hd.	58	38			
	Hard	42	62			
	Yellow Hd.	0	0	Red		
Grade						
1		47	16		22	27
2		25	43		51	38
3		14	24		20	18
4		8	13		4	5
5		5	3		1	1
Sample		1	1		2	11
Special grades						
Tough		1	1		8	24
Light Smutty		0	0		1	3
Smutty		0	0		1	1
Light Garlicky					3	2
Garlicky					20	24

Table 9.- Movement of wheat, including flour, from principal exporting countries, 1938-39 to 1941-42 1/

Country	Exports as given by official sources: Total 1938-39	Total 1939-40	Total 1940-41	July 1 to date shown 1939-40	July 1 to date shown 1940-41	July 1 to date shown 1941-42	Date
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States 2/	115,784	54,274	40,670	7,270	3,698	---	July 31
Canada	159,885	210,212	209,553	15,596	13,230	27,994	July 31
Argentina	116,116	177,246	100,052	11,387	13,503	---	July 31

	Shipments as given by trade sources 3/: Total 1939-40	Total 1940-41	Week ended 1941: Aug. 2	Aug. 9	Aug. 16	July 1 - Aug. 16: 1940-41	1941-42
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America	209,872	221,087	4,746	4,225	3,915	23,367	35,998
Argentina	173,776	98,420	2,238	2,218	2,557	21,029	14,358
Total	383,648	319,507				44,396	50,356

1/ See June 1941 Wheat Situation for latest available figures for countries other (3) shown. 2/ Includes flour milled in bond from foreign wheat. 3/ From Broomhall's Corn Trade News and Chicago Daily Trade Bulletin.

THE RYE SITUATION

Rye crop about 14 percent above 1940

Production of rye in 1941 is estimated at 46.5 million bushels, 14 percent larger than the 1940 crop of 40.6 million bushels and 21 percent larger than the 10-year (1930-39) average production of 38.5 million bushels. Indicated production declined more than 2 million bushels during July as the very promising earlier prospects did not fully materialize in Minnesota, South Dakota, and Wisconsin - each an important rye-producing State. Indicated yields are above the 10-year average in all States except Minnesota, Iowa, Pennsylvania, Virginia, West Virginia, and Maryland where they equal the average or are only about one bushel or less below. Excellent yields - the highest in 10 to 20 years - are being secured in North Dakota, Indiana, Ohio, Kentucky, Colorado, Utah, Wyoming, Idaho, Washington, and Oregon.

Old crop carry-over 7 percent above year earlier

The United States stocks of rye at the beginning of the 1941-42 marketing year are estimated at 22 million bushels. A year ago the carry-over was 21 million bushels. With a crop indicated at about 46.5 million bushels the total supply of rye for the 1940-41 season will amount to 68.6 million bushels (table 10), compared with 62.7 million bushels a year earlier, and 59.5 million bushels, the 1936-40 average. The apparent disappearance of rye in 1940-41 was 40.3 million bushels, which was one half million bushels less than a year earlier and 1.2 million bushels less than the 1936-40 average. During 1936-40, of the average total disappearance of 41 million bushels, it is estimated that 9 million bushels were used for food, 9 million bushels for distilled spirits, 10 million bushels for seed, and 13 million bushels for feed.

Table 10.- Rye: Supply and distribution, United States, 1935-41

Year beginning July	Supply						Distribution		
	Stocks								
	Commercial July 1	Farm June 1	Total	Production	Imports	Total supply	Exports	Stocks	Apparent disappearance
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
1935	8,560	2,723	11,283	58,597	2,266	72,146	9	22,299	49,838
1936	6,379	15,920	22,299	25,319	3,943	51,561	248	5,886	45,427
1937	1,406	4,480	5,886	49,830	1/	55,716	6,578	9,699	39,439
1938	1,000	8,699	9,699	55,564	1	65,264	784	23,196	41,284
1939	7,384	15,812	23,196	39,049	1/	62,245	732	20,714	40,799
1940	9,506	11,208	20,714	40,601	1,392	62,707	245	22,173	40,289
1941	5,639	16,534	22,173 2/	46,462		3/68,635			

1/ Less than 500 bushels.
2/ Indicated August 1.
3/ Imports excluded.

Figure 6

Growing conditions were again favorable for rye in 1941, and indicated production is 14 percent larger than in 1940 and 22 percent above the 10-year average, 1939-40. Production in 1940 was slightly larger and prices somewhat lower than a year earlier.

Rye: Acreage, yield per acre, production, net exports or imports, and price received by farmers, United States, 1900-1941

Year beginning July	Acreage harvested	Yield per acre	Production	Net exports 1/	Price received by farmers 2/
	1,000 acres	Bushels	1,000 bushels	1,000 bushels	Cents per bushel
1900	2,127	12.9	27,413	2,345	51.2
1901	2,409	12.8	30,773	2,712	55.7
1902	2,444	13.9	33,862	5,444	50.8
1903	2,260	12.8	28,932	751	54.5
1904	2,205	12.9	28,461	9	68.8
1905	2,297	13.6	31,173	1,387	61.1
1906	2,154	13.7	29,609	769	58.9
1907	2,073	13.6	28,247	2,443	73.1
1908	2,130	13.5	28,650	1,295	2/ 74.5
1909	2,212	13.6	30,083	212	74.6
1910	2,262	12.9	29,098	3/ - 187	73.4
1911	2,452	12.8	31,396	3/ - 103	81.0
1912	2,724	13.9	37,911	1,854	68.7
1913	3,089	13.1	40,390	2,236	62.9
1914	3,144	13.4	42,120	12,880	83.3
1915	3,417	13.7	46,752	14,684	85.0
1916	3,528	12.2	43,089	13,275	113.0
1917	5,059	11.9	60,321	16,352	176.4
1918	6,694	12.5	83,421	35,829	152.1
1919	7,168	11.0	78,659	40,454	145.9
1920	4,825	12.8	61,915	46,885	146.4
1921	4,851	12.6	61,023	29,244	84.0
1922	6,757	14.9	100,986	51,564	63.9
1923	4,936	11.3	55,961	19,900	59.3
1924	3,941	14.8	58,445	50,241	95.2
1925	3,800	11.1	42,316	12,646	79.1
1926	3,419	10.2	34,860	21,697	83.0
1927	3,458	14.8	51,076	26,345	83.5
1928	3,310	11.5	37,910	9,487	83.6
1929	3,130	11.3	35,282	2,599	85.7
1930	3,621	12.4	45,068	139	44.5
1931	3,162	10.6	33,378	908	34.1
1932	3,351	11.8	39,424	304	28.1
1933	2,418	8.9	21,418	3/-11,998	62.7
1934	2,035	8.4	17,070	3/-11,249	71.8
1935	4,141	14.2	58,597	3/- 2,257	39.5
1936	2,774	9.1	25,319	3/- 3,695	80.9
1937	3,846	13.0	49,830	6,578	68.6
1938	4,021	13.8	55,564	783	33.8
1939	3,832	10.2	39,049	732	44.0
1940	3,192	12.7	40,601	3/- 1,003	4/ 40.6
1941 4/	3,436	13.5	46,462		

Division of Statistical and Historical Research, Bureau of Agricultural Economics.

1/ From reports of Foreign and Domestic Commerce of the United States. Includes flour. Other data are from reports of the Agricultural Marketing Service. 2/ December 1 price, 1900-1907. 3/ Net imports. 4/ Preliminary.

INDEX OF SPECIAL SUBJECTS DISCUSSED IN THE WHEAT SITUATION

	Page	Issue
Special reviews and outlook statements		
The Wheat Situation, 1914 and 1939	1-13	Sept. 1939 WS-35
A review of wheat prices in 1939-40	24	Aug. 1940 WS-46
The wheat outlook for 1941-42	12-13	Aug. 1940 WS-46
The wheat outlook for 1941-42	3-7	Mar. 1941 WS-53
The nation's grain storage situation	14-15	May 1941 WS-55
World wheat supplies expected to be record	14	June 1941 WS-56
Farm income from wheat	10-11	Feb. 1940 WS-40
Farm income from wheat	8	Feb. 1941 WS-52
Government measures		
Wheat and rye loan rates in 1941	8	June 1941 WS-56
Marketing quota provisions of Public Law 74	9	June 1941 WS-56
United States wheat import quotas	9-10	June 1941 WS-56
National wheat allotment for 1942	10	June 1941 WS-56
Government measures in Australia	13	Nov. 1940 WS-49
Features of Canada's wheat policy in 1941	23	Aug. 1940 WS-46
Special analyses		
Analysis of the loan and export subsidy program in 1938-39	15	Sept. 1939 WS-35
Comparatively large United States wheat carry-over stocks	14-16	July 1940 WS-45

WHERE TO FIND STATISTICS ON THE WHEAT SITUATION NOT INCLUDED IN THIS ISSUE: 1/

	Page	Issue
THE DOMESTIC WHEAT SITUATION		
Supply and distribution		
All wheat, 1923-40	14	Mar. 1941 WS-53
Classes, July-June, 1929-39	5	Feb. 1941 WS-52
Classes, 1940	8	Mar. 1941 WS-53
Supplies for export and carry-over, 1923-39	13	July 1941 WS-57
Acreage, yield, and production		
Acreage seeded by regions, 1919-40	15	Sept.1940 WS-47
Production by classes, 1919-40	14	Dec..1940 WS-50
Stocks		
January 1, 1935-41	4	Feb. 1941 WS-52
July 1, 1923-40	14	Mar. 1941 WS-53
Exports and imports		
Exports of wheat including flour to specified countries, 1910-39	27	Aug. 1940 WS-46
Imports into the United States, 1923-39	30	Aug. 1940 WS-46
Sales and income, and prices		
Production and farm disposition, 1909-40	16	May 1941 WS-55
Sales, price per bushel, and cash income, 1910-40	12	Feb. 1941 WS-52
Percentage monthly sales, average 1928-37, and annual 1928-39	15	Nov. 1940 WS-49
Average price received by farmers, 1908-40	13	Jan. 1941 WS-51
THE WORLD WHEAT SITUATION		
Supply and distribution		
1922-40	15	Mar. 1941 WS-53
1938-40	10	Mar. 1941 WS-53
Averages 1924-28, 1928-37, annual 1914, 1937	6	Sept.1939 WS-35
Acreage and production		
Acreage of wheat, world and specified countries, 1909-40	17	June 1941 WS-56
Production of wheat, world and specified countries, 1909-40	18	June 1941 WS-56
Production by countries, 1937-40	8	Jan. 1941 WS-51
Stocks, July 1		
1922-40	7	Aug. 1940 WS-46
Major exporting countries, 1922-40	21	Mar. 1941 WS-53
International trade		
International trade in wheat including flour, averages 1925-34, annual 1937-39	16	Feb. 1941 WS-52
World shipments and to Europe and non-Europe, averages 1910-14, 1930-34, and annual 1914-16, 1937-38	7	Sept.1939 WS-35

1/ Selected tables used most frequently.

STATISTICS ON THE RYE SITUATION IN "THE WHEAT SITUATION" JUNE 1941

(See preceding page for index of special subjects)